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Lord Berkeley responds to the *High-Speed 2 “badly off course”* Public Accounts Committee report

Lord Berkeley, author of the Dissenting Report into HS2 in January of this year, welcomes the Public Accounts Committee report issued today. The report is the first time that a Parliamentary Committee has set out in such stark terms the failings in transparency of the Department for Transport (DfT) and HS2 Ltd. into the development of the project, and the misleading information that they have provided to parliament over the last few years.

Lord Berkeley said, “I am pleased that Public Accounts Committee (PAC) has taken steps to investigate HS2, but it is clearly not enough. Unfortunately, the report has failed to take into account the even earlier warnings that I, and others, gave the Government several years previously about the cost increases, the many senior whistle blowers who were silenced, and the failures of successive ministers to properly inform Parliament. For example, on 16 May 2016, the then S of S for Transport, Patrick McLaughlin MP, wrote to the then Chancellor George Osborne MP, stating that the Government could not keep to the HS2 budget, but suggested they obfuscate and keep this confidential.

“HS2 Ltd. and those working on it at the DfT have had no regard for proper process or Parliament. As recently as last month, why did the DfT give the go ahead to begin building HS2 on 15 April 2020 when it must have known about the ongoing PAC review? It is very unlikely that Parliament would have given approval had it been provided with the necessary cost information in a timely manner.”

The situation is even worse than the PAC states.

With the evidence that it presents, the PAC says: ‘the failure of the Accounting Officer to provide accurate information to Parliament is potentially a breach of the Civil Service Code and a breach of parliamentary Privilege.’ Since there is even more detailed and earlier evidence than the PAC suggests, this makes these failures even more serious. (See Michael Byng’s analysis below).

Lord Berkeley continued, “I urge the PAC to look at this further evidence, most of which it has already received, and ask the Government to include this in their response to the Committee.”

£7.5bn spent on HS2 to date but perhaps £3.5bn net!

Transport Minister Baroness Vere said in a Written Answer (HL3454) on 13 May 2020 ‘The spend to date on **HS2** up to the end of 2019 was £7.5bn (2015Q1 prices, excluding VAT). However not all of this is treated as sunk costs in the economic case as the land and property costs could be recoverable were **HS2** not to go ahead.’ Lord Berkeley commented ‘probably at least half this amount could be recovered if we also include work done on parts of HS2 in the North and for Network Rail around Euston and needed for much needed regional rail improvements.

HS2 Post COVID-19

Lord Berkeley concluded, “The PAC has now exposed the disregard for parliamentary trust, transparency, probity and the failures of the civil service that have been evident within HS2 for many years. Billions of taxpayers’ money has already been wasted, and much more (£106bn to over £200bn?) will be in the future unless parliament and ministers get a grip.

‘It is time to cancel Phase 1 completely, allow work on parts of HS2 in the regions to go ahead under the guidance of the National Infrastructure Commission and Network Rail, and finally bury HS2, the company HS2 Ltd and bring to book those who have allowed this to happen.’

Further information:

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‘Government knew about these cost increases even earlier, but denied it!’

Michael Byng’s comments below confirm this.

1. The realistic estimated cost of Phase 1 was known in early December 2016, my original estimate was £53.6 bn, later revised to £47.8 bn, compared to the budget for the project, provided in a Written Answer to Parliamentary Question HL4189 dated 21st December 2016, £24.3 bn.
2. None of the grounds on which HS2 Limited claimed in its Chairman’s Stocktake Report published in August 2019, provide reasons for increasing the budget approved by Parliament on 31st January 2017
 - a. Tunnelling – adverse ground conditions; the data from the Crossrail 1 was readily available to HS2 Limited, its advisors and consultants to include in the cost estimate for HS2 Phase 1
 - b. Ground conditions in the Chilterns; historic engineering and cost data was available for similar works in the area, e.g.
 - i. The Evergreen 3 Railway upgrade of the Chiltern Line (ELR: NA2/NAJ3) and to work to the Didcot – Chester Line (ELR: DCL) in Oxfordshire and Warwickshire.
 - ii. The construction of the parallel works on the M40 Motorway by the Highways Agency (now Highways England)
 - c. Ground conditions in Warwickshire, between Leamington, Kenilworth and Coventry; the very high water table level, especially around the National Agricultural Centre at Stoneleigh is well known as are its effects on construction
 - d. Ground conditions around the National Exhibition Centre and in North Warwickshire; the area is in the geological limits of the Lower Trent Valley, so problems with excavating in running silt or sand or in unstable ground could have been foreseen.
3. Enabling works; prior to the passage of the Phase 1 Hybrid Bill; HS2 Limited had identified 561 (five hundred and sixty one) major enabling works packages, all of which had a major time and cost effect on the project delivery.
 - a. HS2 Limited, its advisors and consultants should have foreseen these issues and advised HM Government of the consequences.
 - b. These issues have a greater time and cost bearing on projects in Great Britain than elsewhere in the World so comparative costs from overseas should have been adjusted accordingly.
4. Redevelopment of Euston Station; rail access; HS2 Limited was aware as early as August 2016 that its proposed tunnelled access from Old Oak Common to London Euston was unbuildable and that its estimates of cost for this section of the project were unrealistically low; in evidence before the House of Lords Select Committee, considering the HS2 Phase 1 Hybrid Bill, on 11th October 2016, I formally gave

evidence to this effect, evidence that was not challenged by HS2 Limited, in fact, methodology nor quantum, nor did HS2 Limited offer any counter-evidence.

5. Purchase of land and property interests to create the route of HS2 Phase 1; from my experience at Euston, at Wendover and in Warwickshire and the West Midlands, I became aware in 2016/17 that HS2 Limited did not have an accurate Book of Reference for its land acquisition requirements
 - a. It did not make adequate allowance in its estimates for the cost of buying out all interest, which exceed 18,000
 - b. It had neither the professional resources to acquire these interests in accordance with the mandated professional standards, e.g. RICS “Red Book” and “the Compensation Code”, and it did not take into account the time required to acquire interests and the effect on the design and construction programme.
 - c. Each of these factors were known to HS2 Limited prior to Royal Assent for HS2 Phase 1, 23rd February 2017.

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